

Message Text

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PAGE 01 BUDAPE 00596 250855Z
ACTION EUR-12

INFO OCT-01 IO-13 ISO-00 SP-02 USIA-06 AID-05 EB-08 NSC-05
CIEP-01 TRSE-00 SS-15 STR-04 OMB-01 CEA-01 CIAE-00
COME-00 FRB-03 INR-07 NSAE-00 XMB-02 OPIC-03 LAB-04
SIL-01 L-03 H-01 PA-01 PRS-01 ITC-01 AGRE-00 /101 W
-----250915 040004 /10

R 250709Z FEB 77
FM AMEMBASSY BUDAPEST
TO SECSTATE WASHDC 7963
AMEMBASSY BERLIN
AMEMBASSY BUCHAREST
AMEMBASSY MOSCOW
AMEMBASSY PRAGUE
AMEMBASSY SOFIA
AMEMBASSY WARSAW
USMISSION GENEVA

LIMITED OFFICIAL USE BUDAPEST 0596

E.O. 11652: N/A
TAGS: EEWT, HU
SUBJECT: U.S. COUNTERVAILING DUTY REGULATIONS

REF: (A) STATE 40671, (B) 76 STATE 284604, (C) 76 STATE A-4853

1. DEPUTY FOREIGN TGHVE MINISTER TOROK CALLED IN CHARGE
(ACCOMPANIED BY ECONOFF) FEBRUARY 23 TO REGISTER FORMALLY
HUNGARIAN DISSATISFACTION WITH PROPOSED CHANGES TO U.S.
COUNTERVAILING DUTY (CVD) REGULATIONS. TOROK SAID IMPLE-
MENTATION OF PROPOSED CHANGES WOULD HAVE NEGATIVE IMPACT
ON HUNGARIAN-AMERICAN TRADE RELATIONS AND FUTURE INDUSTRIAL
COOPERATION AGREEMENTS.

2. TOROK ALSO EXPRESSED GOH REGRET THAT INTERNATIONAL
TRADE COMMISSION (ITC) HAD RECOMMENDED TARIFF QUOTAS ON
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NON-RUBBER FOOTWEAR, ESPECIALLY IN LIGHT OF COOPERATION
AGREEMENT BETWEEN KATY INDUSTRIES (U.S.) AND QUALITY
SHOE FACTORY (HUNGARIAN).

3. CHARGE RESPONDED TO CVD PRESENTATION ALONG LINES
REF B, POINTING OUT THAT ACTUAL PURPOSE OF PROPOSED
REGULATIONS IS TO PROVIDE SECRETARY OF TREASURY WITH

LEGAL BASIS FOR FLEXIBILITY TOWARDS NON-MARKET ECONOMIES, AND THAT UNDER TRADE ACT OF 1974 THERE HAVE TO DATE BEEN NO COUNTERVAILING DUTY ACTIONS AGAINST COUNTRIES WITH CENTRARTY PLANNED ECONOMIES. CHARGE NOTED THAT PRESIDENT HAS NOT YET MADE DECISION CONCERNING SHOES, AND THAT EFFECT ON HUNGARY IF PRESIDENT ACCEPTS ITC RECOMMENDATIONS IS UNCERTAIN. CHARGE SAID HE WOULD CONVEY TOROK'S REPRESENTATION TO WASHINGTON, AND NOTED THAT USG WOULD WELCOME ALTERNATIVE SUGGESTIONS FOR MODIFYING CVD REGULATIONS. DRAWING ON LANGUAGE OF REF B, CHARGE STATED THAT WHILE FORMAL DEADLINE FOR WRITTEN COMMENTS EXPIRED DECEMBER 17, 1976, HE FELT THAT USG WOULD STILL WELCOME ANY PROPOSALS HUNGARY WISHED TO MAKE AT THIS TIME.

4. TOROK WELCOMED EXPLANATION OF PROPOSED CHANGES TO CVD REGULATIONS; HE HAD NO PROPOSALS TO MAKE. IN PARTING HE OUTLINED PLANS FOR UPCOMING "HUNGARIAN TECHNICAL DAYS IN THE U.S.". TOROK NOTED THAT PROGRAM WILL LAST ONE YEAR, CONCENTRATE ON FOUR CITIES AND THAT GOH IS CLOSE TO SIGNING AGREEMENT WITH AMERICAN PUBLIC RELATIONS FIRM. HE REVEALED NO INFORMATION CONCERNING "HUNGARIAN TECHNICAL DAYS IN THE U.S." NOT ALREADY KNOWN.

5. COMMENT: TOROK'S VERY BRIEF PRESENTATION COULD NOT HAVE BEEN IN LOWER KEY. HE WAS NOT WELL BRIEFED CONCERNING TECHNICAL DETAILS OF PROPOSED CVD REGULATIONS, AND WAS OBVIOUSLY ACTING UNDER INSTRUCTIONS. TOROK ALSO PROTESTING ITC DECISION (FOR THE RECORD) PRIOR TO LIMITED OFFICIAL USE

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PRESIDENT'S DECISION ON NON-RUBBER FOOTWEAR.
MUDD

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Message Attributes

Automatic Decaptioning: X
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Disposition Approved on Date:
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Disposition Reason:
Disposition Remarks:
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